

UPDATE ON THE GLOBAL CRISIS: THE WORST IS OVER, LAC POISED TO RECOVER

28 September 2009

Executive Summary

The worst of the global crisis seems over, although the process of economic repair is at a very early stage and significant fragilities remain. Led by large emerging markets—including China, India, and Brazil—a rebound in economic activity is taking shape across the world. It came earlier than anticipated and reflects mainly the impact of colossal stimulus policies. Within LAC, countries whose economies are complementary to China’s are recovering first. 2009 will nevertheless be a year of recession and LAC’s GDP will contract by around 2 percent. As a result, some 9-10 million Latin Americans will likely join the ranks of the poor. However, regional economic activity would hardly shrink this year if Mexico (by far the hardest hit country in LAC) is excluded.

LAC has fared well overall in comparison to other regions. Its recession in 2009 is similar to that in the East Asian Tigers and milder than that in rich countries and Eastern Europe. Moreover, the “growth collapse” (the change in GDP growth rates between 2009 and 2007) in LAC of nearly 7 percentage points, although large in absolute terms, is comparable to that of China (6.5 pp) and much smaller than that in Eastern Europe (11 pp) and the East Asian Tigers (9 pp). From a cross country perspective, growth collapses have tended to be larger in economies characterized by greater trade openness, tighter trade links with the advanced economies, higher share of manufacturing exports, and weaker banking systems. This is not surprising given that the crisis was mainly transmitted to the periphery through the international trade channel. Improvements in LAC’s macro-financial policy frameworks paid off—they enhanced LAC’s ability to absorb shocks and undertake countercyclical policies, especially on the monetary front.

As a result, many LAC countries are coming out of this crisis without systemic damage and as more attractive destinations for investment. They are thus well positioned for recovery. However, LAC’s growth will depend not only on its domestic policies but also on the strength of the global recovery and the level and sustainability of world growth over the medium term. Yet much uncertainty surrounds global growth beyond the short-run. It may be threatened by an untimely or disorderly exit from stimulus policies, by a slow expansion of the currently depressed world trade in an environment of global rebalancing, and by continued regulatory uncertainty. While LAC’s economy is comparable in size to that of China, consumption growth in LAC contributes more at the margin to global rebalancing than consumption growth in China. Hence, by combining a positive but lower-than-GDP-growth rate in consumption with a higher-than-GDP-growth rate in investment, LAC could achieve robust growth while contributing to global rebalancing. To seize the opportunity, however, LAC would need to intensify its productivity-oriented reform agenda while maintaining the course of its improved macro and social policy.

The green leaves of summer: large emerging markets, including Brazil, ahead of the pack

The global crisis reached its darkest phase in the fourth quarter of 2008 and the early months of 2009, when the global credit crunch shut down all economic engines of world growth (Figure 1). During that time, the systemic and global dimension of the downturn dominated over country-specific strengths—no nation in Latin America or elsewhere could escape the adverse effects, which were transmitted across the globe and in a highly synchronized manner. The transmission happened mainly through the international trade channel, although credit, commodity prices, and remittances channels also inflicted pain and reinforced the overall damage. However, a full meltdown of financial intermediation was averted and confidence began to stabilize, with an inflexion point materializing around March-April 2009. A broad menu of bold actions by central banks, led by the U.S. Federal Reserve Bank, played a key role in averting the catastrophic scenario. As the fear of financial collapse faded away and market psychology turned the corner, the pulse of the real economy also quickened and self-stabilizing market dynamics began to emerge and “green shoots” sprouted. Signs of recovery have been systematically accumulating throughout developed and developing countries, especially since the spring of 2009, suggesting that a more widespread and stronger recovery than expected is taking shape, at least for the short run. The world economy has clearly stopped contracting and is beginning to rebound. While the worst of the crisis is over, significant fragilities remain in the recovery process, especially in financial and labor markets as well as in private sector consumption and investment.

The rebound in economic activity across the world is taking place earlier than anticipated—only a few months after the downward spiral triggered by the Lehman Brothers’ failure in September 2008.¹ “Green shoots” for the real economy were heralded by a recovery in stock markets that started in March 2009 as well as by the stabilization of business and consumer confidence indicators. Manufacturing indices then started to pick up, with worldwide industrial production growing from trough (March 2009) to peak (June 2009) around 4 percent (Figure 2). The recent surprises have decidedly been on the upside, as is clearly illustrated by ongoing upward revisions in the consensus forecasts for real GDP growth in 2009 and 2010, which stand in sharp contrast with the sequence of downward revisions for the same years that we saw in the first quarter of 2009.²

The importance of the colossal risk absorption and countercyclical stimulus policies undertaken by governments is evident in the incipient recovery process. The interventions of the governments of rich countries and China stand out for sheer size. Many central banks throughout the world responded to the crisis by cutting interest rates very aggressively (to near-zero levels in a number of countries including Chile), by deploying a battery of heterodox credit easing policies, and by supporting in a virtually unrestricted manner the liquidity and solvency of financial institutions, particularly in the U.S. and in Europe. Strong fiscal stimulus packages were at the same time designed to help drive aggregate demand out of the slump.

¹ However, the rates of change that are being reported for indicators of economic activity should be placed in perspective, for they reflect the purely arithmetic effect of economies coming up “*from the basement.*”

² For instance, for the case of the U.S., 2009 GDP growth forecasts were revised upwards from -2.8 percent in June 2009 to -2.6 percent in September 2009; and GDP growth forecasts for 2010 from 1.9 percent in May 2009 to 2.4 in September 2009. There were similar revisions in the Euro zone countries. 2009 GDP growth forecasts increased from -4.2 percent to -3.9 percent between June and September 2009, while 2010 forecasts increased from 0.3 to 1 percent between the same period.

In the U.S., for example, the fiscal stimulus is reflected in the substantial widening of the federal government deficit (from 1.3 percent of GDP in 2007 to an estimated 10 percent in 2010) and sharp rise in its gross debt (from 63 percent of GDP to 98 percent over the same period).³ Government spending is most of the story behind the U.S. recovery so far, but not the whole story, to be sure. U.S. exports of goods and services have started to recover with three consecutive monthly increases (from May to July) and a restocking of inventories seems imminent, as suggested by a pickup in new orders of non-defense capital goods and durable goods. Nevertheless, U.S. domestic private demand is considerably lagging the cycle, with real personal consumption stagnant, the number of unemployed still increasing (although at a slower pace), and non-farm payrolls as well as gross private investment still declining. On top of this, the housing market is still contracting, albeit at a slower pace. This in turn reflects households' efforts to reconstruct their lost wealth and protective cushions through higher saving as well as businesses' concerns regarding profit prospects in a rather hazy medium term horizon (see below). In addition, bank credit to consumers and businesses remains sluggish, financing through new issues in capital markets is less than half the average level for 2004-2005, and the origination of syndicated loans remain at their lowest level of activity since March 2003. This credit situation accentuates the fragility of domestic private demand and acts as a drag for the overall recovery.

Moreover, and contrary to what many had expected, the larger emerging markets are ahead of the rich economies in terms of the recovery in industrial production (Figure 3). Average industrial production for emerging markets started to rebound already in January 2009, having risen by a cumulative 10 percent by June 2009.⁴ *Brazil is among the most dynamic emerging economies* together with China, India, Korea, Malaysia, Philippines, and Thailand. Industrial production for this group of countries (which accounts for 51 percent of emerging markets' GDP) has risen by 18 percent from trough to peak.

In contrast with the high degree of synchronization observed during the depths of the crisis, a greater degree of heterogeneity can be observed in the recovery, and not surprisingly so, given that the relative strengths of individual countries can play a greater role as the global systemic shock fades. Heterogeneity in the rebound is clear across emerging regions: emerging Asia is experiencing a stronger recovery compared to Eastern Europe and the Middle East, but also, although less so, compared to Latin America and the Caribbean—LAC (Figure 4). Heterogeneity is also clear within LAC (Figure 5). In general, countries with economies that are complementary to China are rebounding first. The leader is Brazil, where industrial production has increased by more than 7 percent from the trough, followed by Argentina and Chile with recoveries of 3.2 and 0.8 percent, respectively. Although not rebounding yet, Colombia, Ecuador, Mexico, and Uruguay seem to have reached a bottom. Finally, economic activity continues to decline for other LAC countries, including Peru and Venezuela, where there are no clear signs of bottoming out yet.⁵

³ A significant part of the increase in gross debt is backed by assets purchased by the U.S. government and central bank. The price at which such assets will be eventually sold will determine the level of *net* debt.

⁴ The group of "emerging market economies," as defined in this note, comprises countries classified as lower middle income and upper middle income by the World Bank.

⁵ In the case of Venezuela, the free fall in industrial production started in March 2008 and has registered 13 consecutive monthly declines up to May 2009 (the latest available statistics). In Peru, industrial production resumed in June a 9-month downward trend that had appeared to turn the corner in May.

LAC's recession in 2009 is less pronounced than in other areas of the world

Countries across LAC experienced a sharp drop in economic activity in the months immediately following the Lehman Brothers' debacle and many of them are still in a recession phase. Based on current (September 2009) Consensus Forecasts, the region as a whole will experience a GDP contraction around 2 percent in 2009 (Figure 6). However, Mexico's recession is by far the deepest (with a GDP contraction of around 7 percent expected for this year) and drags down the regional average (Mexico represents around one-fourth of LAC's GDP). *Excluding Mexico, LAC's GDP would hardly shrink in 2009.* But even without Mexico, significant variation exists in 2009 estimated GDP growth rates across LAC countries. There is a small group of countries (including Bolivia, Panama, Peru, and Uruguay) for which GDP is actually expected not to contract or to increase by up to 2 percent. A few other countries are expected to experience a mild contraction of up to 1 percent (including Brazil, Colombia, and the Dominican Republic). And several LAC countries are expected to register GDP contractions in the 1 to 3 percent range (including Argentina, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Venezuela).

Importantly, when compared to rich countries and other emerging regions, LAC's recession in 2009 is far from being the worst (Figure 7). Much greater GDP contractions are estimated for Japan (5.7 percent) and Western Europe (4.1 percent). Among emerging regions, Eastern Europe is the hardest hit, with 2009 expected to shrink by 5.4 percent. A contraction comparable to that in LAC is expected for the East Asian tigers (2.1 percent).

But the slowdown in LAC threatens social gains

The pain that the global crisis has inflicted on LAC is not trivial and will induce some reversals in social gains. In particular, while 60 million people in LAC were lifted out of poverty (measured at PPP-adjusted US\$ 4 a day) during 2002-2008, *some 9-10 million will join the ranks of the poor in 2009 compared to 2008* (and about 14-15 million compared to what would have obtained had LAC continued to grow in 2009 at 4.3 percent). Poverty would have risen even more had it not been for the remarkable fact (by LAC's historical standards) that social assistance programs were maintained throughout the region and even expanded in a few countries, notably Chile. Labor markets in LAC countries are also experiencing the adverse effects of the global recession. All countries with timely labor data show a significant increase in formal unemployment rates. The number of unemployed in the formal sector is expected to rise by about 3 million in 2009 for the group of largest 7 countries in LAC. As could be expected, the formal sector was the hardest hit sector by the recession, particularly in Brazil, Chile, and Mexico. As the crisis was transmitted mainly through the international trade channel, it hurt relatively more the sectors integrated into the global production chain that are, thus, characterized by a high degree formality. Hence, it is possible to surmise that this crisis may have had a significant impact on LAC middle classes.

The relatively better performance of LAC is clearer when measured by *growth collapse*

While highly synchronized, the fall in economic activity was not completely symmetric across countries. To better gauge the observed differences across economies and ascertain the factors behind them, it is worth focusing on the *changes* in growth rates, rather than on the growth rates themselves (which was the focus of the previous sections). We calculate the difference between

real GDP growth rates between 2009 and 2007. The resulting “growth collapse” is a measure of actual growth deceleration and also aims at capturing the difference between peak and trough during the current downturn.

The region suffered a substantial growth collapse on average (6.7 percentage points), but differences are significant across individual LAC countries (Figure 8). Mexico is no longer the worst regional performer in terms growth collapse. The largest collapses (10 percentage points or more) affected Argentina, Costa Rica, and Panama. The smallest collapses (around 3 percentage points) were registered in Bolivia and Trinidad and Tobago. Most of the remaining LAC countries experienced growth collapses between 5 and 8 percentage points.

While large in absolute terms, the collapse in LAC is one of the smallest relative to many other emerging regions (Figure 9).⁶ The collapse in Eastern Europe and Central Asia was around 11 percentage points, and that for East Asian tigers reached almost 9 percentage points. Rich countries also experienced a collapse in growth (around 7 percentage points) that was higher than that of LAC. Moreover, LAC’s collapse is comparable to that of China (6.5 percentage points). Smaller collapses than in LAC obtained in Sub-Saharan Africa (3.4 percentage points), Middle East and North Africa (3.6 percentage points), and in South Asia (2.9 percentage points).

Openness and banking system resiliency help explain differences in growth collapse

The analysis of cross-country data suggests that such structural factors as openness, trade and capital flow composition, and resiliency of banking systems played a significant role in determining differences in growth collapses.⁷ Take openness first. The evidence suggests that emerging countries with greater trade openness experienced a sharper drop in growth rates (Figure 10). Conversely, growth tended to decelerate less in countries with larger domestic demand, as measured by the share of private consumption in GDP. Simply put, and not surprisingly, as trade and capital flows collapsed, countries that relied more heavily on them were hit harder.

Consider next the composition of a country’s trading partners, the product composition of exports, and the composition of external assets and liabilities. Countries with greater reliance on rich country markets for their exports experienced a sharper decline in growth (Figure 11). This helps explain the large growth collapse in very open Mexico in comparison to other LAC countries such as relatively closed Brazil.⁸ Similarly, countries with a higher share of manufactures in total exports experienced a greater deceleration in growth than net commodity exporters. Export product composition and export product destination help explain why net commodity exporters in the region whose economies are complementary to that of China (which in LAC include Brazil, Chile, and Peru) tended to experience lower growth collapses. Finally, in terms of the composition of capital inflows, given that debt flows to developing countries fell sharply while FDI remained

⁶ This stands in sharp contrast with LAC’s past history. For example, over the turbulent 1998-2001 period, LAC experienced the largest growth collapse compared to rich countries and other emerging regions.

⁷ The results are based on econometric analysis of the growth collapse between 2007 and 2009 conducted over a sample of 126 countries, of which 35 are industrial economies and 19 are Latin American countries. The analysis uses pre-crisis (2000-2007) indicators as explanatory variables.

⁸ Almost 80 percent of Mexico’s exports go to the U.S. Mexico is highly integrated to sectors of the U.S. that suffered the most during the current downturn (construction, automobile parts, appliances, etc.).

relatively stable, countries with a greater share of equity (FDI and portfolio) inflows in total inflows (which in LAC include Brazil, Chile, and Peru as opposed to Argentina, Uruguay, and Venezuela which rely more on debt flows) registered smaller declines in GDP growth rates.⁹

Consider next the resiliency of financial systems, measured here by the inverse of the loan-to-deposit ratio. Accordingly, banking system resiliency rises when credit intermediation relies more on the mobilization of domestic funds and less on the mobilization of foreign funds. The result is that, other things equal, emerging countries with less resilient financial systems faced significantly larger declines in their growth rates. The most notable cases in this regard are some Eastern European countries. Fortunately, LAC entered the crisis with relatively sound financial systems.

The soundness of macroeconomic policies also played a positive role

Improved macroeconomic policy frameworks were also found to be associated with smaller growth collapses. For instance, countries that pursued pro-cyclical fiscal policies before the crisis experienced greater growth collapses, other things equal.¹⁰ Similarly, countries where government expenditures grew faster than revenues during 2003-2007 also experienced greater growth collapses, once we control for income level and trade openness. On the monetary front, countries with lower inflation rates tended to register a smaller fall in their growth rates.

More importantly perhaps, improved macro policy contributed to what did not happen, considering LAC's history of crises. Specifically, they helped avert systemic damage in the domestic economy while creating room for countercyclical responses, particularly in the monetary area. In sharp contrast with its past, LAC did not experience domestic financial crises. This was because the traditional macroeconomic magnifiers of external shocks that used to operate in LAC—weak currency, weak banking, and weak fiscal—were not operative this time. They did not amplify the external shock and, in some cases, particularly in the currency front, they helped cushion it. Shock absorption via exchange rate flexibility and countercyclical monetary policy was particularly strong among the five inflation-targeting countries in LAC (Brazil, Chile, Colombia, Mexico, and Peru), where the reduction in policy interest rates between December 2008 and August 2009 ranged from 775 basis points Chile to 375 basis points in Mexico (Figure 12). Even non-inflation targeting countries, like Dominican Republic, Honduras, Nicaragua, and Costa Rica, were able to reduce policy interest rates, although less significantly so, without raising inflation risks.

Macro and financial strengths also enabled a good number of LAC countries to engineer policies to keep credit flowing and some countries to undertake countercyclical fiscal policies. Brazil was arguably the most aggressive LAC country in the credit front, with very proactive responses—implemented largely through the central bank and development banks—to guarantee liquidity in both domestic and foreign currency, support trade finance, and ensure credit availability to the

⁹ Net private FDI flows around the world are estimated to fall by US\$90 billion (30 percent) between 2007 and 2009 whereas non-FDI flows are estimated to have reversed from net inflows of US\$978 billion in 2007 to net outflows of US\$167 billion in 2009 (a decline of 117 percent). Similarly, gross non-FDI flows into LAC are estimated to drop by US\$109 billion (78 percent) in 2009 while gross FDI inflows may actually increase by US\$15 billion (16 percent).

¹⁰ Fiscal pro-cyclicality is measured by the correlation between the cyclical fluctuations in government expenditures and the cyclical component of GDP between 1980 and 2007.

corporate sector. In the fiscal arena, measures ranged from tax cuts and greater subsidies to increases in government expenditures. Despite widespread announcements, however, the implementation of countercyclical fiscal policy has not been effective, except in Chile, where US\$4 billion were quickly drawn down (from the savings that had been accumulated during previous good times) in order to maintain increases in public spending, especially in infrastructure and social programs. By contrast, in other countries with significant fiscal space (notably Peru), there have been considerable lags in the actual disbursement of stimulus money, reflecting cumbersome procurement rules and capacity constraints, particularly at the local government level.

LAC is coming out of the crisis without systemic damage and well-positioned for faster growth

Despite being one of the most financially globalized regions in the world, LAC is coming out of this crisis without systemic damage. Given that idiosyncratic country factors and domestic policies will matter more on the path to recovery (as the systemic nature of the global shock diminishes), a good number of LAC countries appear well-positioned for a fast growth. A relatively broad recovery in economic activity is in fact expected for many LAC countries for 2010.¹¹ Because of pre-crisis improvements in macroeconomic and financial fundamentals, LAC has become *on average* more resilient to shocks. Moreover, most countries in the region are coming out of this crisis with generally sound fiscal and debt positions, in sharp contrast with rich countries (Figure 13). For example, while (gross) public sector debt is expected to jump by 2010 to almost 100 percent of GDP in the U.S. and to around 90 percent of GDP in the U.K., it will remain well under 40 percent of GDP for the LAC region as a whole!

Going forward, the record established by LAC in the current crisis will likely increase the relative attractiveness of many a LAC country as a destination point for foreign investment. A steady implementation of growth-oriented policies and reforms that are adequately tailored to country circumstances will, of course, be needed for countries in the region to seize the opportunities. Herein resides one of the region's central challenges, for it is in the productivity agenda where LAC lags noticeably the more dynamic East Asian economies and where progress has been weak compared to the strides that LAC itself has made in the macro, financial, and social policy areas.

However, global growth prospects beyond the short-run are clouded by risks and uncertainty

The evolution of economic activity in LAC countries will depend not only on the quality of domestic policy frameworks. They will also depend on the strength of the cyclical recovery in the rest of the world and on whether a sustainable world growth path could be reconstituted in the medium term. The achievement of the latter, moreover, is tied up with the issue of whether external current accounts will be suitably rebalanced across the globe.

For the short run, the consensus has increasingly moved in favor of a V-shaped recovery because of a stronger-than-expected impact that stimulus policies are having. This type of rebound that is now expected for the U.S. in the next months will most likely pull Mexico, Central America and the

¹¹ According to the September 2009 Consensus Forecasts, virtually all LAC countries are expected to have a positive GDP growth rate in 2010 between 1 and 3 percent. Four countries expected to grow at rates higher than 3 percent (Brazil, Chile, Panama and Peru) and only one is expected to register a mildly negative growth (Venezuela).

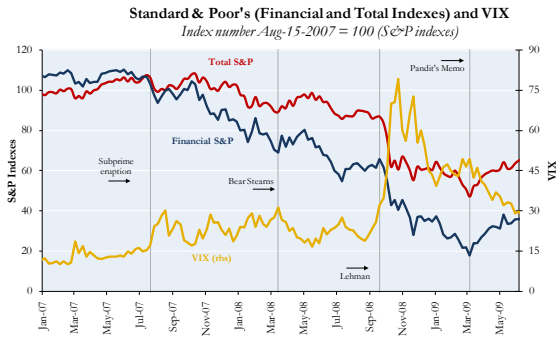
Caribbean out of the recession, even as the ongoing recovery of economic growth in China is already quickening economic activity Brazil and other commodity exporters, mainly in South America (Figure 14).

But much haziness (risk and uncertainty) surrounds the path of world growth after mid-2010, when stimulus policies will have largely fizzled away. A W-shaped trajectory cannot be fully discarded. But it is perhaps more likely that private demand will pick-up as a result of the ongoing workings of the stimuli, thereby preventing a W-type relapse. Even if a W growth trajectory is avoided, however, the world is not likely to return soon to a high medium-term growth path comparable to that registered before the crisis. Rather, a scenario of low world growth for several years beyond mid-2010 appears plausible, for a number of reasons.

First, minor mistakes in the timing and speed of actions to exit from stimulus policies can cause havoc. On the one hand, a premature exit could undercut the strength of the recovery and threaten a W-type relapse. On the other hand, a delayed exit could result in unviable fiscal processes which would unduly raise inflation risks, thereby eroding the basis for long-term growth. In either case, a disorderly process of global rebalancing could materialize, fostering growth volatility. Second, if global rebalancing takes place, it will imply a major re-composition of trade flows (e.g., greater imports by Emerging Asia, Germany, and Japan, and greater exports by the U.S.) which may, during a possibly long transition period, keep a lid on the growth of the currently depressed volume of world trade (Figure 15). A scenario of “trade-less” growth will mean lower overall world growth. Third, considerable regulatory uncertainty exists in key areas of the economy—finance, health care, energy, and the environment. This uncertainty may lead firms to postpone investment decisions and that would keep world growth lower than otherwise. Finally, if the reform of financial regulation falls short of what is needed, financial markets could again embark on unsustainable excesses, threatening a growth-impairing crisis in the medium run.

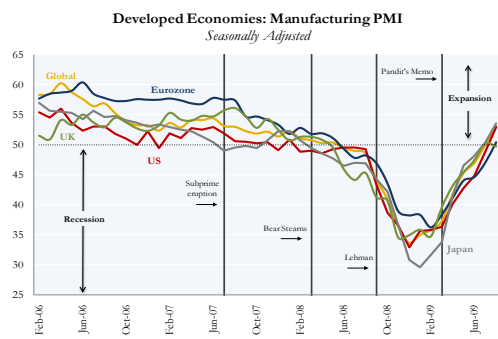
Clearly, the external environment will be friendlier to LAC’s growth in the medium term to the extent that an orderly process of global rebalancing is achieved. But LAC would not only benefit for orderly rebalancing; it could actually contribute to it, and more than what is often believed. This becomes clear by noting that, while the size of LAC’s GDP measured in nominal dollars is similar to that of China, the relative importance of consumption in LAC’s GDP is much larger than that of China (Figure 16). Hence, *at the margin*, consumption growth in LAC contributes more to global rebalancing than consumption growth in China. More precisely, if over the medium term LAC could combine a positive but lower-than-GDP growth rate in consumption with a higher-than-GDP-growth rate in investment, LAC could achieve a robust growth path while simultaneously contributing to global rebalancing (Figure 17).

Figure 1



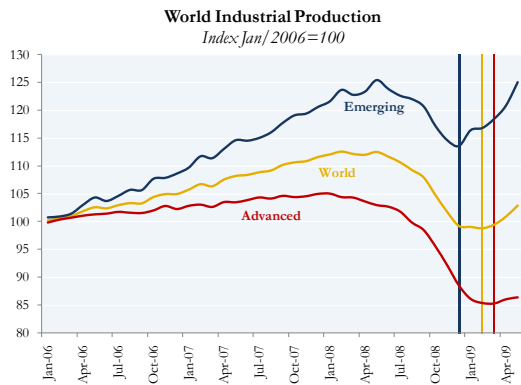
Source: Bloomberg

Figure 2



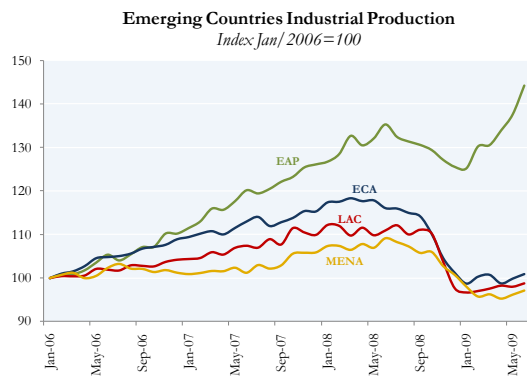
Source: Bloomberg

Figure 3



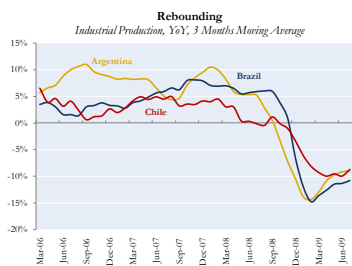
Source: CPB (Netherlands Bureau for Economic Policy Analysis)

Figure 4



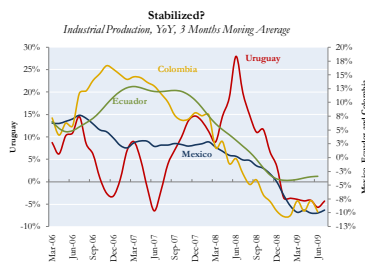
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Figure 5.A



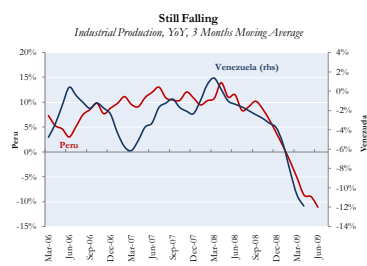
Source: EIU, IFS and World Bank, DECPG

Figure 5.B



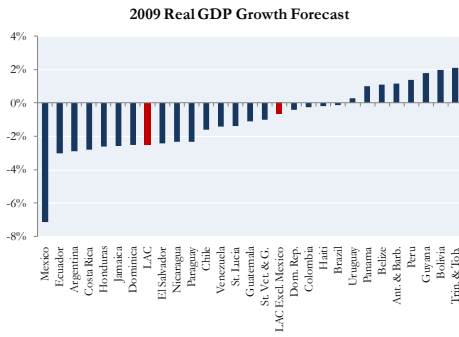
Source: EIU, IFS and World Bank, DECPG

Figure 5.C



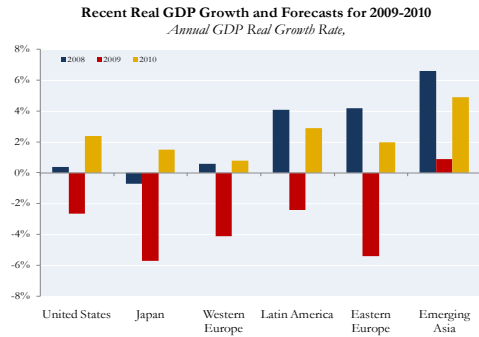
Source: EIU, IFS and World Bank, DECPG

Figure 6



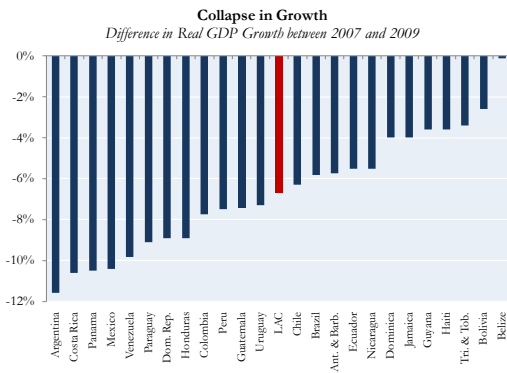
LAC Projections based on the most updated and available projections. Regional aggregates are calculated as weighted averages based on 2007 nominal GDP. Source: Consensus Forecast (Sep. 2009), IMF and World Bank

Figure 7



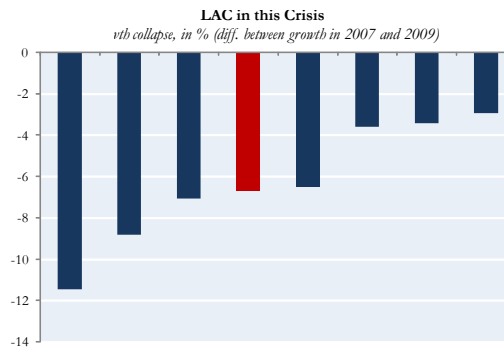
Source: Consensus Forecast (Sep. 2009)

Figure 8



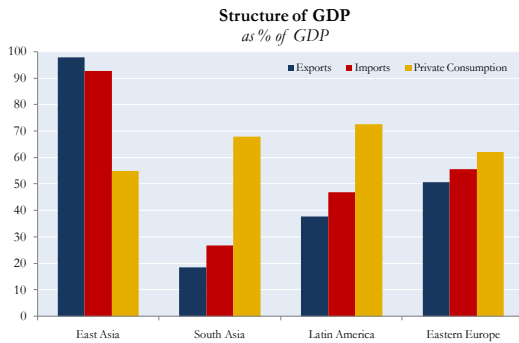
The Regional aggregate is calculated as the arithmetic average of the region. Source: Consensus Forecast (Sep. 2009)

Figure 9



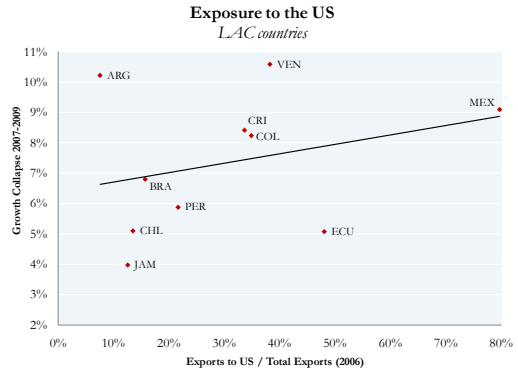
The Regional aggregate is calculated as the arithmetic average of the region. Source: Consensus Forecast (Sep. 2009) and World Bank

Figure 10



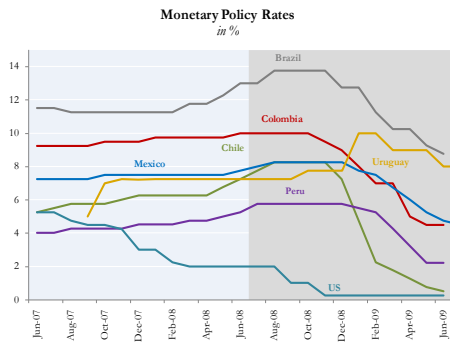
Source: EIU

Figure 11



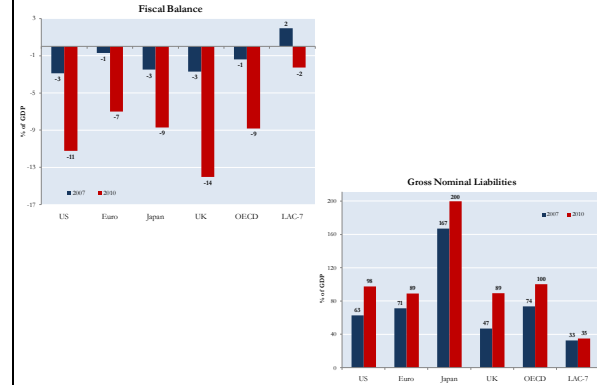
Source: LCRCE Staff Calculation

Figure 12



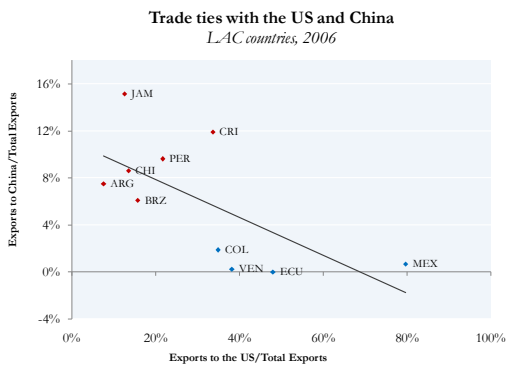
Source: Bloomberg and National Authorities

Figure 13



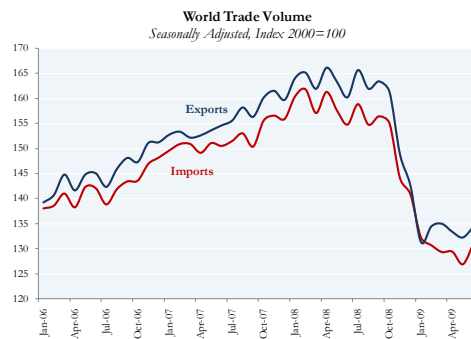
Source: EIU, Consensus Forecast (Sep. 2009) and World Bank

Figure 14



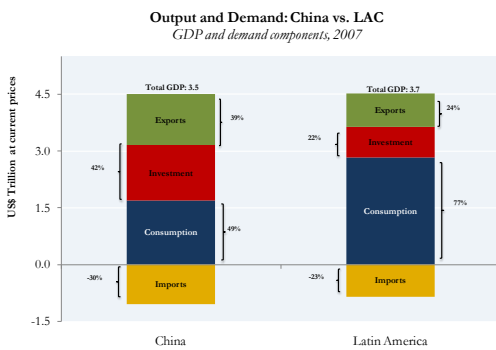
Source: LCRCE Staff Calculations

Figure 15



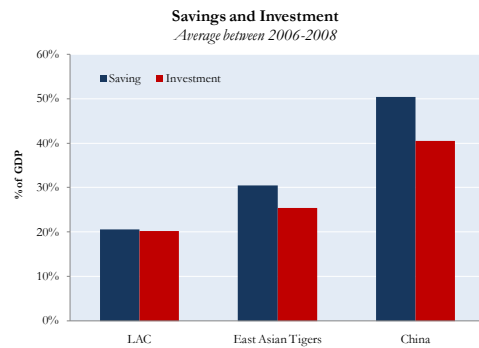
Source: CPB

Figure 16



Source: World Bank's WDI

Figure 17



Source: World Bank's WDI and EIU